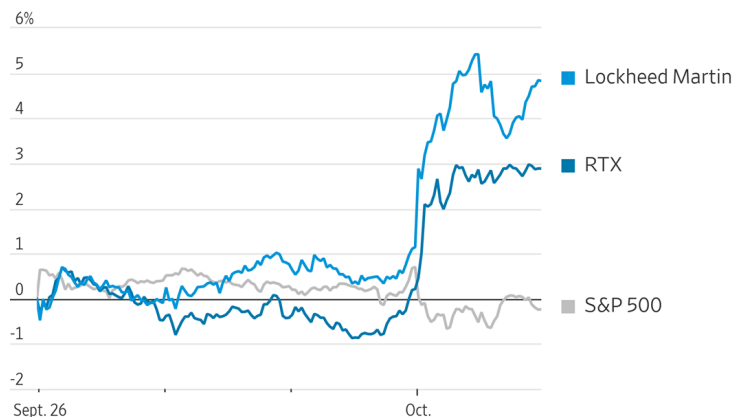


**September 30 - October 4, 2024**

## The U.S. dollar is strengthening against major currencies, WTI oil rises on Middle East supply risks, and gold prices decline

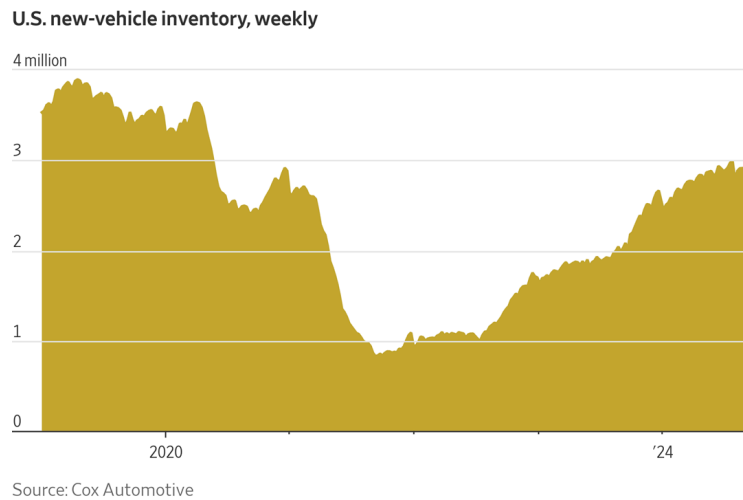
- The S&P 500 is up 0.23%, the Nasdaq is up 0.42%, and the Dow Industrials is up 0.44% WTD
- The 10-Yr U.S. Treasury yield has increased +0.214% to a current yield of 3.956%, whereas the 30-Yr U.S. Treasury yield increased +0.141% to a current yield of 4.248%
- Crude oil prices increased 8.69% to a current \$74.39/bbl while bitcoin decreased 7.11% to a current \$60,979.10/coin
- Defense stocks surged, with Lockheed Martin and RTX leading gains, after Iran's missile attack on Israel heightened fears of a broader conflict, pushing the Global X Defense Tech ETF up nearly 2% [[WSJ](#)]

Defense-stock and index performance, past four sessions

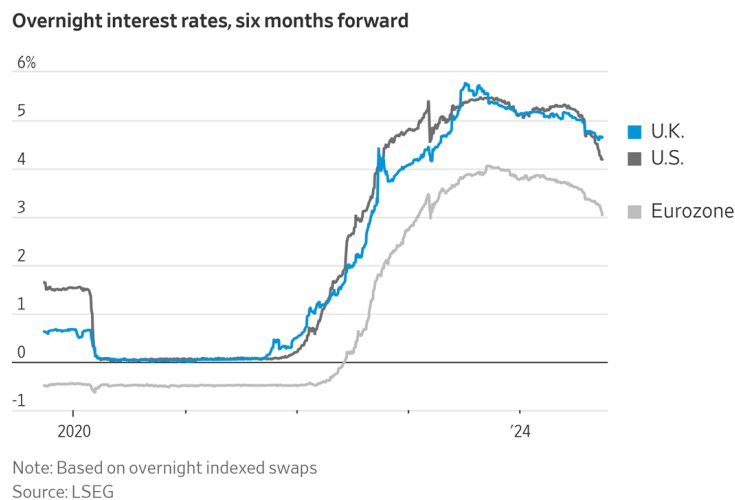


Source: FactSet

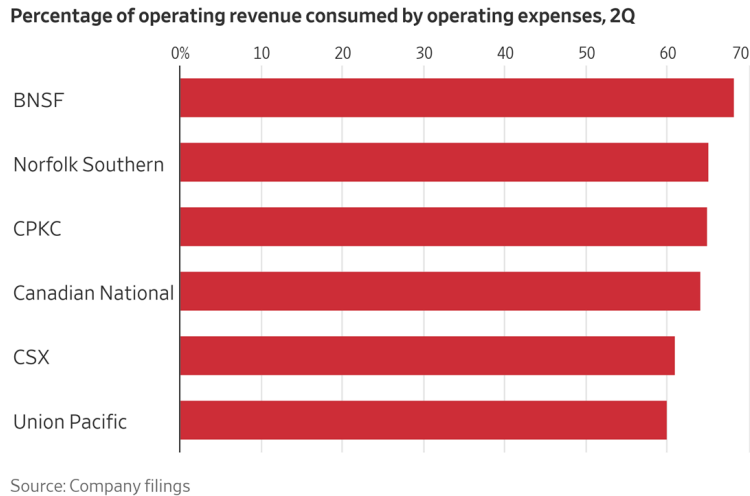
- High vehicle prices and borrowing costs are limiting U.S. auto sales, with third-quarter results down 1.9%, as affordability concerns keep buyers on the sidelines despite some price reductions and increased leasing [WSJ]



- The British pound has rebounded as the top-performing G-10 currency in 2023, boosted by high credit rates, investor confidence, and foreign investment following political stability under Keir Starmer [WSJ]

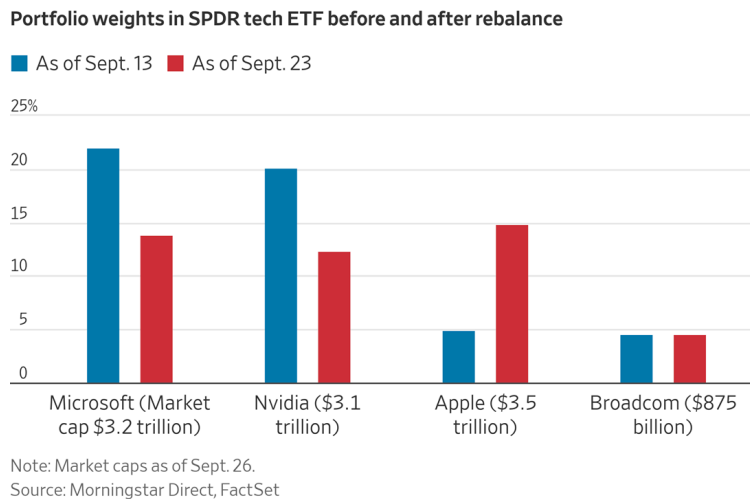


- Greg Abel is pushing for higher efficiency at BNSF Railway by bringing in Ed Harris to improve operations, while seeking profit gains similar to railroads using precision scheduled railroading [WSJ]



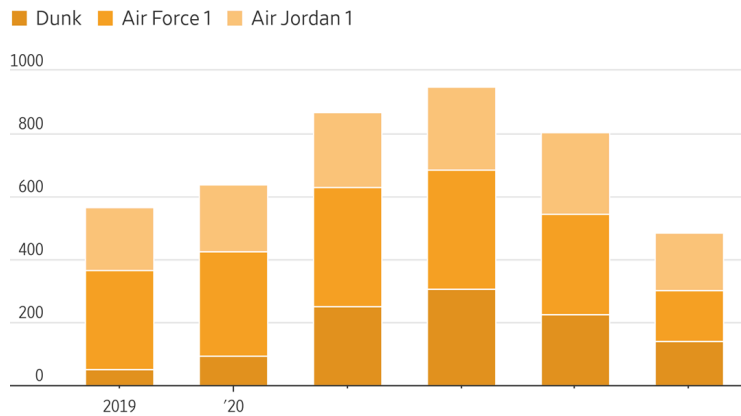
## SPDR tech fund rebalances, Nike faces a sales slump, and luxury brands are shifting to smaller, affordable items

- SPDR tech fund investors faced an imbalance with outsized Nvidia exposure over Apple, despite similar market caps, prompting major rebalancing and revealing challenges in passive investing with big tech [\[WSJ\]](#)



- Nike is facing a sales slump due to oversupplying limited-edition sneakers, leading to decreased demand and diluted brand exclusivity, with profits falling and new leadership tasked with addressing the challenges [\[WSJ\]](#)

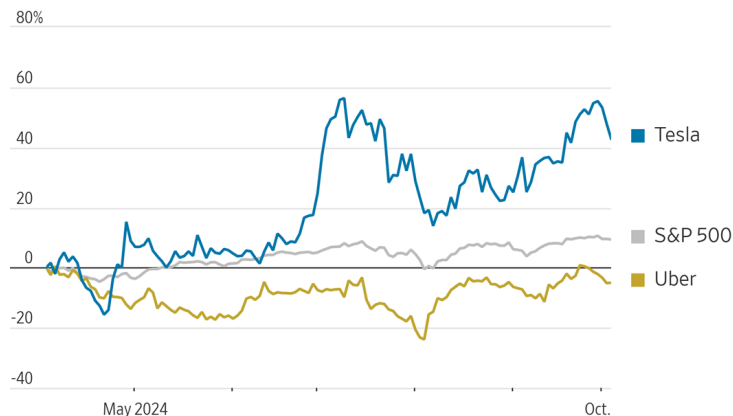
Number of annual releases for each of Nike's biggest sneaker franchises



Source: WSJ analysis of GOAT release data

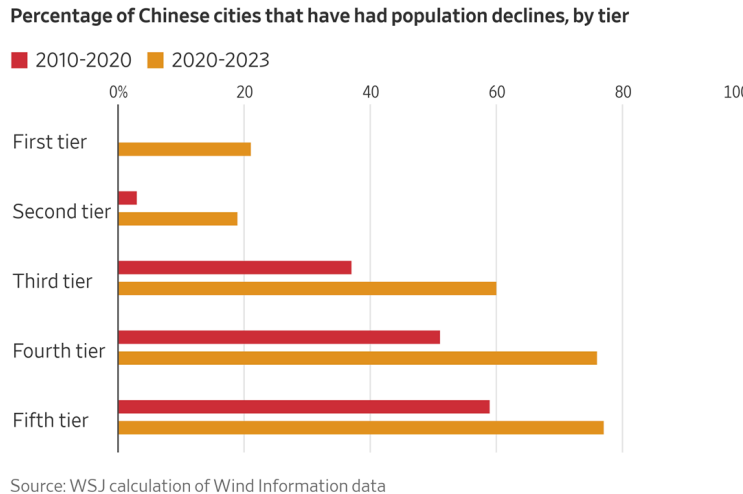
- Robotaxis need large passenger networks to succeed, with Uber leveraging partnerships like Waymo, while Tesla aims to build its own costly autonomous fleet, posing significant scaling challenges [WSJ]

Share price and index performance, past six months

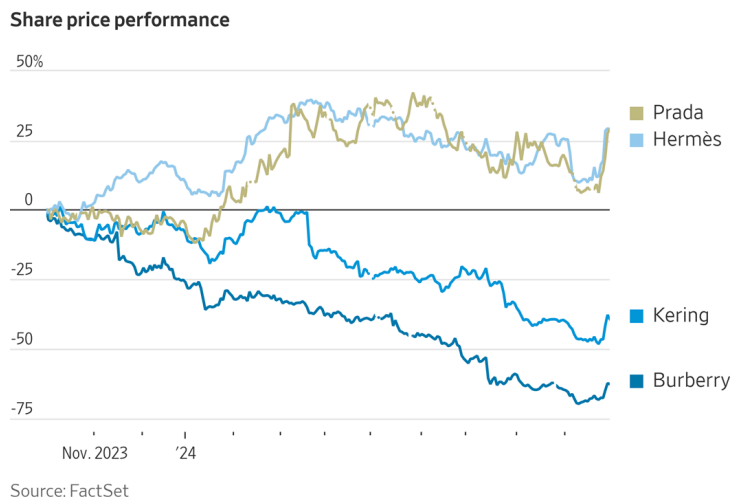


Source: FactSet

- China faces a severe real estate glut, with up to 90 million empty housing units, worsened by a shrinking population and struggling smaller cities, despite government efforts to revive the property market [WSJ]



- Luxury brands are turning to smaller, more affordable handbags and accessories to win back middle-income shoppers and boost sales, as high prices and cautious consumer demand have hurt their profitability [WSJ]



## M&A activity continues to remain mixed with developments in technology, CPG, and energy

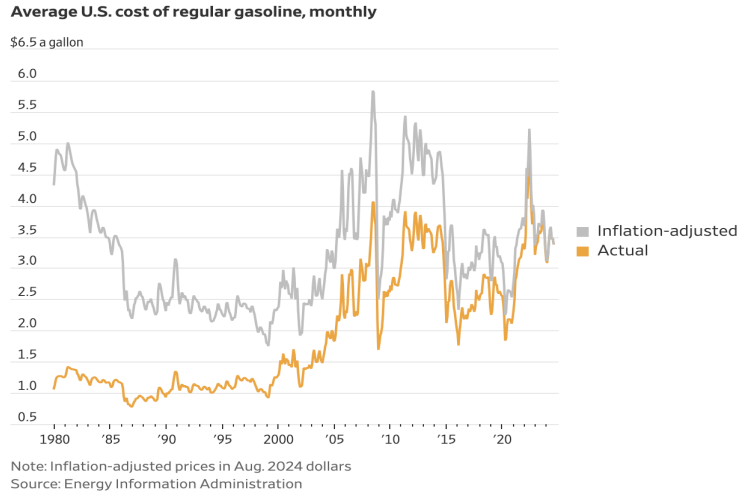
- FTC cleared Chevron's \$53B merger with Hess and banned John Hess from the board [CNBC]
- ADNOC will buy German chemicals maker Covestro for \$16.3B, including debt [RT]
- TPG and Singapore's GIC agreed to buy German metering company Techem from majority owner Partners Group for \$7.5B [BBC]

- Ares is in talks to buy a 10% stake Miami Dolphins, which includes Hard Rock Stadium and Miami GP, from billionaire Stephen Ross at an \$8.1B valuation [SP]
- PE firm TPG will acquire AT&T's remaining 70% in pay-TV firm DirecTV for \$7.6B cash and merge it rival Dish from EchoStar in a \$9.8B debt deal [WSJ]
- Australian property listings firm REA abandoned its \$8.3B pursuit of UK rival Rightmove [FT]
- Insurance giant Marsh McLennan agreed to acquire McGriff Insurance Services for \$7.8B [RT]
- Tower firm Vertical Bridge will acquire leasing rights for thousands of Verizon's towers for \$3.3B [WSJ]
- PepsiCo agreed to acquire Siete Foods for \$1.2B [WSJ]
- Russian billionaire Vladimir Lisin is set to acquire Russian baby food producer Progress for \$745M [RT]
- Sony will acquire rock band Pink Floyd's music catalog for ~\$400M [FT]

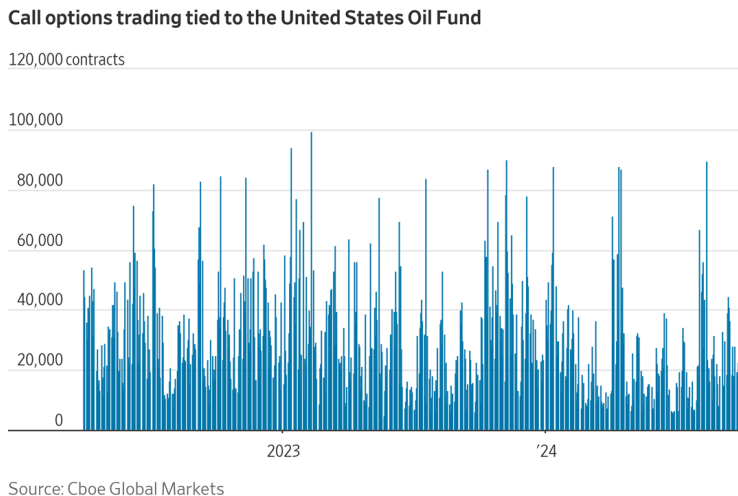
## **Recent developments across four key industries highlight Oil prices surging 5.1%, OpenAI raising \$6.6 billion, and Eli Lilly strengthens its lead in the weight-loss drug market**

### **Energy & Natural Resources**

- Oil prices jumped 5.1% after President Biden suggested possible U.S. support for an Israeli strike on Iranian oil facilities, raising fears of conflict and higher gas prices before the election [WSJ]



- Amid rising oil prices and Middle East conflict, traders are increasingly betting on crude oil reaching up to \$100 or more, with call options activity hitting a two-year high [WSJ]



## Technology, Media, & Telecommunications

- Microsoft plans to invest \$4.75 billion in Italy over the next two years to expand cloud and AI infrastructure, aiming to support the country's digital transformation and boost its presence in the growing AI market [WSJ]
- OpenAI raised \$6.6 billion in new funding, valuing the company at \$157 billion, despite internal turmoil, as it continues to lead the AI market with ChatGPT's success and rapidly developing new products [WSJ]

- Oracle plans to invest over \$6.5 billion to establish a public cloud region in Malaysia, supporting the country's AI and cloud services demand while aligning with its goal of becoming a Southeast Asian AI hub [WSJ]

## **Healthcare & Life Sciences**

- Baxter, the U.S.'s largest IV fluid maker, will cut hospital shipments by 40% after Hurricane Helene flooded its North Carolina plant, causing a significant supply-chain disruption that hospitals are managing by conserving fluids [WSJ]
- Eli Lilly has resolved the tirzepatide shortage, allowing it to meet rising demand and limiting the production of knockoff versions by compounding pharmacies, further boosting its position in the weight-loss drug market [WSJ]

## **Financial Services**

- The U.S. labor market showed strength with 254,000 jobs added in the last month, beating expectations and lowering the unemployment rate to 4.1%, suggesting progress towards a soft landing ahead of the upcoming presidential election [WSJ]
- Money managers like Apollo and BlackRock are racing to offer private credit funds to retail investors, despite regulatory and liquidity challenges, as the \$1.7 trillion private credit market is expected to grow significantly in the coming years [WSJ]